









That at the same time it seems reasonable that the Chairman of the Finance Committee should have a casting vote, and no more.

That I observe your morning contemporary has thrown in his lot entirely with the officials, and throws out insinuations of a very dangerous nature against the unofficial members.

That it is just possible the Executive are not particularly pleased by the way that the Board has been elected by the thorough analysis of the Estimates this year, but there is no reason why it should be. The fact that the Board should have elected the Acting Governor and his Colonial Secretary to fasten odium on the unofficial members.

That to allege the Select Committee was proposed by the officials with the deliberate purpose of making the election secret, is an utterly untrue statement, and is worthy of those who make it.

That the Finance Committee itself sat in secret, not so long ago, and the Select Committee might have been made as open as the Council by a mere word from the Acting Governor.

That the question of publicity has been raised at a meeting on this occasion—for reasons.

That from your summary of the new Gambling Ordinances it would appear that the so-called clubs will have a lively time of liquidation.

That perhaps no respectable resident will regret that, as the houses which have been and are being done by these houses is insupportable.

That the perpetual Manila agencies, "you want Manila tickets, sir," will have a fair chance of being "run in," although their customers comprise representatives of every rank and class in the community.

That it may be a question whether the "Ladies" do not come under those restrictions.

That even the popular Totalitarian, which wagers wagers under the shadow of the Jockey Club protection, on Race days may be endangered.

That perhaps the abolition of this gambling machine, on certain days and hours to be fixed upon by those concerned.

That the game of chance so frequently indulged in at bazars where ladies meet, and in which no element of skill can ever enter save the ladies' skill in securing dollars, may not be altogether free from interference.

That indeed, excepting a rubber of what or a shoot at time bargains in shares, there will be little left to excite the born gambler.

That is said impenitent residents are hastening to the Bankruptcy Court to obtain relief before the more stringent law now on the stocks is fully launched.

That by the new law it is left to the discretion of the Judge to insist upon payment of a dividend of 50 cents in the dollar, and some bankrupts do not relish this idea at all.

That in the Straits Settlements I believe the 50-cent stipulation is a fixed rule of law, and is not left to the discretion of the Court.

That this enactment has been found to be harsh and inconvenient, and in some cases it is quite conceivable that it would be so; but where the power is left to the Court, it is clearly a wholesome and useful rule.

That perhaps the Athletic Club is to be congratulated upon the passing of the Wong-nie-chung vote for improvements, although, as Mr. Keswick put it, these mean a large expenditure of money.

That, except the sanitary moiety of the sum to be expended, the objectors who objected to the grant in favour of the Athletic Club are mainly responsible.

That the Commission to consider the Sanitary difficulty has been settling for some time, and I believe they purpose to apply their powers first to Wong-nie-chung village.

That the Ordinance giving the powers to the Board is down for a third reading at next meeting of Council.

That the Board consists of a Judge (Mr. Justice Clarke), Surveyor General, Attorney General (if I mistake not), and Registrar General, with the Land Officer as Secretary.

That such a Board ought to be able to deal fairly with the claims for leases or for compensation, need not be seriously questioned, more especially as the Chairman (the Judge) has a casting vote.

That at the same time it strikes an outsider as unwise that there should be no appeal either to the Governor or the Full Court.

That a question ought to be put to the Court concerning the withholding of leases at Kowloon already promised by the Government.

That, in the report of Mr. Abrahamson on the East Borneo Estate, the word Experience is printed with a capital E.

That I am sorry to see by the Police Report that the Marina has been "drifting."

BROWNIE.

## THE CHINA BORNEO CO., LIMITED.

The adjourned annual meeting of this company was held to-day at the Hongkong Hotel. There were present: Messrs. E. E. Abrahamson, H. L. Dalrymple, T. E. Davies, E. A. Solomon, D. R. S. Sisson (directors), E. E. Abrahamson (General Manager), O. J. Hirst, S. A. Joseph, S. B. J. Skerchey, W. Parton, N. J. Robinson, J. S. Perry, E. W. Wickham, G. Fenwick, C. S. Sharp, F. A. Gomes, J. B. Johnson, S. L. Darby and L. Hallward (Secretaries).

The Chairman said—Gentlemen, this meeting is called in accordance with the resolution passed on the 22nd November, and during the fortnight that has elapsed you have no doubt considered the Report of the Committee you appointed to go into the working of the Company, and I shall be glad to hear any remarks any one may care to make regarding same. Your Directors have to inform you that as regards the goodwill Mr. Abrahamson is in communication with the partners in his late firm with a view to the full paid up shares as suggested by the Committee, and there is little doubt but that the vendors will meet the shareholders' wishes in this respect, and therefore that portion of the report may be considered as accepted. The Directors have received a letter from a shareholder recommending a revision of the Committee's recommendations, and I shall be glad if he will state his views to the meeting or if he prefers it, I will read his letter.

Hongkong, Dec. 2nd, 1890.  
To the Board of Directors, The China Borneo Company Limited.

Gentlemen, The Report of the Committee, which was appointed at the annual meeting to report on the position of the Company, lies before me; as I differ in several essential points from the recommendations made I beg to lay my views before you.

**Reduction of Capital.**—I cannot see any but imaginary benefits in reducing the capital after the return of £70,000 paid for the goodwill. The capital would then stand at \$385,000. I might point out that the loss sustained of \$40,000 on a paid-up capital of \$200,000 is only about 15 per cent, and that other companies in starting have suffered similar losses. We have a

valuable asset in Tobacco land, which at the Government upset price might realize a clear profit of \$30,000. A reduction in expenses may also help to make the business a profitable one.

Should the shareholders, however, decide on the useless and expensive process of a further reduction of capital the proportion of such reduction should be altered, because the proportion of the fully paid up shares is larger where (if the profits, if there should be any, the holders, as long as the other shares are not fully paid up.

This will be evident from the following—say a dividend of 4% is declared.  
4% on a fully paid up share of \$100 is \$4.  
4% on a share of \$50 paid up is \$2.  
while on the reduced share,  
4% on \$80 gives \$3.20,  
and 4% on \$30 gives \$1.20.

altering the proportion of profits for the respective shares.

The above figures show that in order to make the fully paid up shares and the share on which \$50 only is paid up equal the former must be reduced to \$80 and the latter to \$40, the amount of \$30. The latter would then be liable to further calls of \$10 only.

**Assets of the Company.**—The assets as per last report are \$422,000, after deducting the goodwill, which ought to be written off. As most assets have been written down at least 10 per cent, and in some cases the reason for a wholesale reduction of further 20 per cent, or about \$80,000 more.

By paragraph 4, the Committee say the Borneo stock of timber ought to be written down largely. As 5% has been written off already, another 40 per cent would cover this case, and means \$22,000 to be written off. Further, the Committee say under the same paragraph "The Timber Stock at Hongkong is probably of nearly the value stated &c." I take it therefore, as 10 per cent has already been written off, that 15 per cent more would meet this case, about \$10,000.

Under paragraph 5, the Committee recommend to write down the Hongkong Saw Mills by one half, whilst the Directors say in their report, "The Mill is now paying its way &c." From these two statements I deduce, that a medium course is the best and that 25 per cent should be deducted, besides the 10 per cent already written off, this would mean another \$6,000 to be written off. This gives in all a sum of \$38,000 instead of \$80,000.

As the Committee do not mention that in their opinion any of the other assets are overvalued or likely to be depreciated, I cannot see any reason for writing off another \$42,000.

With the other suggestion of the Committee I fully agree.

I remain, Gentlemen,  
Yours faithfully,  
CHAS. HIRST.

The points are worthy of consideration, and it must rest with the shareholders whether they accept the Committee's recommendation "on blue" or with some modification. I may say that the legal steps for Reduction of Capital will prove rather expensive. That may take some little time to go into, and unfortunately Mr. Francis, who was one of the investigating committee, is away just now, and until his return we could not weigh these points as carefully as we might. Regarding this subject I have nothing further to say, as this subject is called to say whether the shareholders shall adopt the report or not.

Mr. Wickham—I think, Mr. Chairman, if this matter of the return of the £70,000 may be looked upon as concluded, the other matter, the reduction of the capital, may stand over for some time at the discretion of the directors, as it would cost a considerable amount and we have more to be considered on such proceedings. With regard to the report we made I shall be very glad to go into it and explain in detail how we arrived at the figures, and I think I shall be able to satisfy the shareholders that we were accurate in our conclusions. I shall be very glad to meet Mr. Hirst and go into the matter in detail. I am sure that many of the shareholders at the meetings, and I think I can satisfy you that we are pursuing a prudent course in recommending a wholesale reduction of the value of the stock. We have of course no means of knowing what is the position of our affairs in Sandakan as regards timber, but I am glad that, in fact, within the last few days, a portion of a cargo which arrived here from Sandakan, is rotten from end to end, and this in spite of all the precautions taken by the directors to prevent the shipping of such timber. What could be more discouraging than this? I have a report as regards the wood at Kowloon, and it appears there are 130 logs which are quite unfit for sale, not worth the freight. Then we have the Memo on its last trip bringing here some ten or twelve logs that are rotten from end to end. I think some explanation of this is very greatly needed.

The Chairman—You are quite right. Some explanation is due, but it is difficult to explain it at once. It is only a little time ago that I heard of it. I should be glad to give the information at once, but it is impossible. We have, however, written for an explanation.

Mr. Wickham—With regard to the business before us I think it would be best to let the directors have these £70,000 worth of shares cancelled as soon as possible, and have it to their discretion to reduce the paid up capital of the company at a later period, as they may think best.

The Chairman—I understand your suggestion is that on the £70,000 being returned the question of the further reduction of the capital of the company is left more or less in the hands of the directors, and that it is possible to do so. I presume the investigating committee still continues and we shall confer with them on this matter. I may also say that it is our intention to render a half-yearly account if possible. When the company was started the accounts were very long time in being arranged, but the books are now in far better order, and I think I can say that about May next we shall have the accounts from June to December this year, with a sketch of what they will be from January to the following March, to lay before you, instead of waiting another year for a meeting. I think that will be much more satisfactory. (Hear, hear.) While a company is in this very peculiar state the officers' accounts are presented the better. I think it will meet the views of the shareholders to have a half-yearly meeting about May. We shall know a good deal more about the actual position of the company than at the present time. What I suggest as advisable now is that Mr. Wickham should make a proposal on the lines of his suggestion and that would conclude the business of the meeting. Mr. Abrahamson, however, would like to say a few words in relation to one or two points.

Mr. Wickham—With reference to the £70,000 balance of goodwill account, I am pleased to be able to inform you that, so far, my efforts to induce my co-vendors to give up sufficient shares to wipe out this account have been successful. It must necessarily take some time to consult these at a distance. Reference was made at the present time. What I suggest as advisable now is that Mr. Wickham should make a proposal on the lines of his suggestion and that would conclude the business of the meeting. Mr. Abrahamson, however, would like to say a few words in relation to one or two points.

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the prospectus invited intending shareholders to inspect the statements of assets and liabilities, and that this sum was then shown as the surplus assets over liabilities.

A valuation was called in to place the various assets at their proper value and they were so entered in closing the account.

The figures were accurate. Many of the lands and concessions sold by the vendors to this company were obtained when the country was first opened up, and were previously sold at a quite nominal value, and these were valued by the valuator for the purpose of stating the assets. As to the future working of the company, I think some of the suggestions of the committee will lead to placing the company on a better footing, and when carried out I have every belief that we shall be able to show a balance on the right side of the account.

Mr. Wickham—I must reiterate once more the complaint I made at last meeting. When Mr. Abrahamson was asked where these £30,000 were he said it was not a profit in cash but was made by the company's sale of the property.

While engaged in investigating the affairs of the Company I saw amongst other things the title deeds and other documents pertaining to the Company's property and to my amazement I saw that among the vendors was Mr. Stokes. Now Mr. Stokes has been a partner in the firm of Abrahamson and Co. and I presume participated in the good-will.

The Chairman—Of course; all the vendors did so.

Mr. Wickham—Yes, quite so, but I question the propriety of his acting on our behalf in these circumstances.

Mr. Wickham—The fact is that no man can serve two masters. The Chairman—I don't wish to gain any authority—(laughter)—but I submit that when Mr. Stokes took the matter in hand he went thoroughly into it. All the papers in connection with the Company were before him, and he was not circled in by Mr. Wickham. I submit that it is hardly within the province of this meeting to go into a matter of that kind.

Mr. Wickham—I was told by a gentleman who called at the office to see the papers that he had seen Mr. Stokes take a sum of \$30,000 was not a cash profit, but Mr. Stokes did not understand it.

The Chairman—That gentleman fortunately did not take any shares.

Mr. Wickham—I beg your pardon, I was told that he did and sold at a profit.

The Chairman—Many people would probably have been wiser had they done the same. However, this is a matter of two or three years ago.

Mr. Wickham—I was not aware of it at last meeting, else I should have mentioned it.

The Chairman—Will you propose a resolution? The question before the meeting is the adoption of this report; will some one propose that?

Mr. Farlane—It is necessary to adopt the whole report.

The Chairman—You can adopt the report and then pass a resolution that the carrying out of the recommendations be left to the discretion of the directors.

Mr. Farlane—The last clause says it is a call of \$10 will have to be made. Is this an absolute necessity, because in the present state of the company a great proportion of the calls will not be paid?

The Chairman—We should hope they would. It is quite impossible to work any business with no cash in hand. I will not say it is impossible, but it is a matter of very great anxiety.

Mr. Farlane—Has no timber been sold during the past month?

The Chairman—During the past six months there has been some timber sold.

Mr. Farlane—There must have been some money coming in.

The Chairman—Yes money has been coming in and going out.

Mr. Farlane—Mr. Abrahamson has been present at three meetings now and has given us very little information indeed; I expected much more from him as to our business at Sandakan.

The Chairman—I don't know that he knows very much about what is doing at Sandakan.

Mr. Farlane—It seems, so far as can be made out, that our sawmills at Sandakan are being worked at an immense profit, and money should be coming in. Has not our bank overdraft been reduced within the past month?

Mr. Farlane—I believe it has been.

Mr. Farlane—If the business continues paying as it is at present will it be necessary to make a call—I mean in order to carry it on as it is at present?

The Chairman—I think if we could get some money it would be advisable.

Mr. Farlane—Would not a small call do it? Five dollars



